

STATEMENT OF SENATOR GORDON H. SMITH

U.S. Senate Special Committee on Aging
“1-800-Medicare: It’s Time For a Check-Up”
September 11, 2008

Good morning, and thank you all for coming to today’s hearing “1-800-Medicare: It’s Time For a Check-Up.”

Today’s hearing is the product of a 3 ½ year ongoing investigation into the performance of the 1-800-Medicare system. Since I will be spending quite a bit of time during today’s hearing talking about findings from my investigation, I am going to take a moment to provide an overview of the Committee’s work on this subject.

To ensure operational readiness for the first Part D open enrollment season, I commenced an inquiry into the performance of 1-800-Medicare call centers in early 2005.

This investigation has entailed:

- 500 test calls to 1-800-Medicare;
- annual inspections of 1-800-Medicare call centers across the country;
- interviews with 150 customer service representatives (CSRs) and management staff who work at the 1-800-Medicare call centers;
- monitoring 200 hours of inbound calls;
- correcting error-ridden scripts relating to premium withholding errors;
- reviewing call center performance data;
- exchanging hundreds of phone calls and emails with CMS, its contractors, beneficiaries, advocates, physicians, pharmacists and insurers;
- subpoena of call center records from the Administration and Part D plans; and
- meetings with three separate CMS Administrators, including Kerry Weems who is here today, as well as a former Social Security Commissioner.

In July of this year I asked Secretary Leavitt to intervene and secure immediate improvements to call wait times and the accuracy of responses provided to callers. I have invited Secretary Leavitt and Administrator Weems to accompany me on a call center inspection to ensure operational readiness. I also have raised call center performance failures and resource issues at prior hearings of this Committee and the Finance Committee. And, I have convened today’s hearing, with the indulgence of the Chairman, whom I thank for his support in the Committee’s ongoing efforts to improve services at 1-800-Medicare.

To start the hearing on a positive note, I will first comment on what seems to be working well at 1-800-Medicare.

My staff have consistently had the highest praise for the professionalism and courtesy of the customer service representatives and management who work in the 1-800-Medicare call centers.

The reports I have received reflect that on whole, the staff at 1-800-Medicare are earnest, professional, courteous and care a great deal about providing the best service possible to beneficiaries. I will be discussing this in more detail during the hearing, but my conclusion is that the problems at 1-800-Medicare lie more with the training and resources provided to call center staff rather than with the staff themselves.

I also have been quite pleased with CMS' timely resolution of individual beneficiary cases that my office has referred to the agency.

Of further note, CMS recently implemented a dedicated access number for the State Health Insurance and Assistance Programs, or SHIPs as they are called, to streamline the SHIPs' access to 1-800-Medicare services.

CMS also recently hired an outside vendor to revise the training curriculum and call scripts used by 1-800-Medicare customer service representatives.

However, as you might conclude, if all were well with 1-800-Medicare, we would not be here today. So let's delve in to what needs to be improved, and what we are going to spend most of this morning discussing.

My investigation has revealed persistent problems at the calls centers. These problems include:

- confusing interactive voice response (IVR) menu options;
- unacceptably long wait times up to one hour during peak call periods;
- disconnected calls;
- technical and infrastructure failures;
- inappropriate referrals to SHIPs and other entities;
- jargon filled and error-ridden scripts that are used by customer service representatives to respond to caller inquiries;
- oversight inadequacies;
- training deficiencies; and
- incorrect information routinely being dispensed by customer service representatives.

Many of today's witnesses will share their first hand experience in trying – unsuccessfully – to utilize 1-800-Medicare. These stories reveal that much work remains to improve call center services.

As we will hear in testimony today, the problems at 1-800-Medicare are **not** mere inconveniences to beneficiaries. When 1-800-Medicare provides incorrect information, the result can be devastating for beneficiaries. An organ transplant patient in California nearly died because 1-800-Medicare provided incorrect information about coverage of anti-rejection medications. A senior in Florida ended up in the emergency room after foregoing necessary oxygen treatments because 1-800-Medicare provided her with incorrect information about the durable medical equipment program. Earlier this year I assisted beneficiaries who received incorrect information from 1-800-Medicare about the Part D disenrollment process. These beneficiaries had been turned over to a collections agency for past due premiums for a plan in

which they were no longer supposed to be enrolled. And a cancer patient nearly died because he could not receive assistance in locating a facility for chemotherapy. Hundreds of stories like these have been shared with my office by tearful beneficiaries and advocates who are completely exasperated by their experiences with 1-800-Medicare.

I have previously relayed to Administrator Weems my belief that 1-800-Medicare is failing America's seniors. That conclusion is informed by the 500 test calls made by my staff, hundreds of complaints received by my office, feedback from interviews with call center management and staff, reports from the Government Accountability Office and the Department's own Office of Inspector General, as well as information provided by the agency itself regarding call center performance.

The population served by 1-800-Medicare is comprised of our country's most vulnerable citizens. It is unacceptable to subject the sick, frail and elderly to hour long waits, disconnected calls, endless loops of referrals and call transfers, and erroneous information about benefits and services. It is imperative that the system deliver timely and accurate information to America's seniors. Sadly, my investigation has revealed that it currently is not. I hope that this hearing results in some sorely needed improvements, which must be made in time for the upcoming Medicare Advantage and Part D enrollment periods.

Kerry, I hope today that we can come to an agreement on additional steps that CMS is willing to take to reduce wait times, increase staffing levels, improve CSR training and oversight, and ensure adequate funding and other resources for call center operations.

I also hope that both CMS and Vangent, the agency contractor for 1-800-Medicare, will take to heart the stories we will hear shortly and actively work with me in improving services at 1-800-Medicare.

I thank all of our witnesses for traveling here today. With that, I will turn to Senator Kohl for his opening remarks.